

CASE 2203: Application of PAN AMER.
for permission to commingle. (L. E.
Grinnel "B" Lease), Lea County.

Case No.

2203

Application, Transcript,
Small Exhibits, Etc.

NEW MEXICO OIL CONSERVATION DIVISION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO 87501

Case File
2203

AMENDMENT
COMMINGLING ORDER PC- 394

Company Amoco Production Co.
Address P. O. Box 68
City, State, Zip Hobbs, New Mexico 88240

Attention: Mr. Bob Davis

Lease Name: Grizzell
Description: SW/4 NE/4 of Sec. 8, T-22-S, R-37-E, Lea County

The above-named company is hereby authorized to commingle production from the following pools

Blinebry, Paddock, and Brunson-Fusselman

in a common tank battery, and to determine the production from each pool by

_____ separately metering the production from each pool prior to commingling

_____ separately metering the production from

and determining the production by the subtraction method

☒ well tests (if this method is to be authorized, all commingled production must be of marginal nature; further, the operator shall notify the Santa Fe Office of the Division in the event any well producing into the commingled battery becomes capable of top allowable production, at which time the Division will amend this order or take such other action as may be appropriate)

Note: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS: Prior to this amendment, Order PC-394 authorized commingling of Blinebry and Paddock production only. Order No. R-1905, which originally authorized commingling of Drinkard and Paddock production, is hereby put in abeyance.

DONE at Santa Fe, New Mexico, on this 2nd day of September, 1980


JOE B. RAMEY, Division Director

EXHIBIT

FAM AMERICAN PETROLEUM CORPORATION
PROPOSAL TO COMBINE OIL PRODUCTION
FROM THE DRINKARD AND PADDOCK POOLS
FROM ALL WELLS PRESENTLY COMPLETED ON
THE L. E. GRIZZELL "B" LEASE
S/2 NE/4 SEC. 8, T-22-S, R-37-E
LEA COUNTY, NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING CASE NO. 2203
MARCH 3, 1961

GENERAL

Pan American Petroleum Corporation respectfully requests that the New Mexico Oil Conservation Commission grant an exception to Statewide Rule 303 to permit commingling in common tankage without prior metering of Drinkard and Paddock crudes produced on its L. E. Grizzell "B" Lease located in the S/2 of the NE/4 of Section 8, T-22-S, R-37-E.

Well No. 1 produces from the Drinkard formation and Well No. 2 produces from the Paddock formation.

The purchaser, Shell Pipeline Company, has verbally agreed to this proposal.

Production will be allocated to the respective reservoirs on the basis of periodic well tests. The attached schematic diagram shows how wells may be individually tested.

Granting of this proposal will: (1) Permit salvaging of two storage tanks which are not required on this low capacity lease, (2) eliminate a need for oil meters which would cost approximately \$1400 installed, and (3) eliminate intangible maintenance and depreciation expense on the tanks made surplus.

Ex 1

EXHIBIT 2203
PAN AMERICAN PETROLEUM CORPORATION
PROPOSAL TO COMBINE OIL PRODUCTION
FROM THE DRINKARD AND PADDOCK POOLS
FROM ALL WELLS PRESENTLY COMPLETED ON
THE L. E. GRIZZELL "B" LEASE
S/2 NE/4 SEC. 8, T-22-S, R-37-E
LEA COUNTY, NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING CASE NO. 2203
MARCH 3, 1961

PAN AMERICAN PETROLEUM CORPORATION

Lubbock, Texas
February 7, 1961

NON FIB

File: WJS-5111-986.510.1 x 400
Subject: Exception to Statewide
Rule 303
Various Leases,
Lea County, New Mexico

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Pan American Petroleum Corporation respectfully requests that you schedule for an early docket, a hearing to consider its application for exceptions to State Wide Rule No. 303 to permit commingling of production from separate reservoirs under the following three leases, as more fully discussed below:

1. The Pan American Eva Owen B Lease located in the SW/4 of Section 34, T-21-S, R-37-E, Lea County, New Mexico. There are presently four wells producing at marginal rates from the Drinkard Pool and one well producing at a marginal rate from the Paddock Pool on this lease. It is proposed that this production be commingled in common tankage and that production be allocated to the respective reservoirs on the basis of periodic well tests.
2. The Pan American L. E. Grizzel "B" Lease located in the S/2 of the NE/4 of Section 8, T-22-S, R-37-E, Lea County, New Mexico. There are presently two marginal wells on this lease producing from the Drinkard and Paddock Pools. Pan American proposes that this production be commingled in common tankage and that production be allocated to the respective reservoirs on the basis of periodic well tests.
3. The Pan American J. W. Grizzell Lease, located in the SW/4 of Section 5, T-22-S, R-37-E, Lea County, New Mexico. There are two producing and one shut-in Penrose-Skelly Field wells and one Drinkard Pool well on this lease which produce at marginal rates. Pan American proposes that this production be commingled in common tankage and that production be allocated to the respective reservoirs on the basis of periodic well tests.

Yours very truly,

A. J. Inderrieden
A. J. Inderrieden
District Engineer

WJS:jn

Case 2203

*Worked
mailed
2-17-61
JL*

This case

DOCKET: EXAMINER HEARING - FRIDAY, MARCH 3, 1961

OIL CONSERVATION COMMISSION - 9 A.M., CONFERENCE ROOM - STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, attorney, as alternate examiner:

Cases 2210 through 2213 will not be heard before 1:00 P.M.

CASE 2199: Application of Texaco, Inc. for an oil-oil-oil triple completion. Applicant, in the above-styled cause, seeks an order authorizing the triple completion of its A. H. Blinebry (NCT-1) Well No. 13, located in Unit E, Section 29, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard Pool, the production of oil from the Blinebry Oil Pool and the production of oil from the Paddock Pool through parallel strings of tubing.

CASE 2200: Application of Aztec Oil & Gas Company for a 320-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Basin-Dakota Pool consisting of the SE/4 SE/4 of Section 23 and all of the W/2 of Section 24 except the NW/4 NW/4, Township 31 North, Range 12 West, San Juan County, New Mexico. Said unit is to be dedicated to the East Well No. 5, located 990 feet from the South line and 1650 feet from the West line of said Section 24.

CASE 2201: Application of El Paso Natural Gas Company for a gas-gas dual completion utilizing two strings of casing. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Huerfano Unit Well No. 116, located in Unit C, Section 11, Township 26 North, Range 10 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Gallup formation adjacent to the Angels Peak-Gallup Pool and the production of gas from the Basin-Dakota Pool through parallel strings of 2 7/8-inch casing cemented in a common well bore.

CASE 2202: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Paddock Pools from all wells presently completed on the Eva Owen B Lease, comprising the SW/4 of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.

- CASE 2203: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Paddock Pools from all wells presently completed on the L. E. Grizzell "B" Lease, comprising the S/2 NE/4 of Section 8, Township 22 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.
- CASE 2204: Application of Pan American Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Drinkard and Penrose-Skelly Pools from all wells presently completed on the J. W. Grizzell Lease, comprising the SW/4 of Section 5, Township 22 South, Range 37 East, Lea County, New Mexico, without separately metering the production from each pool.
- CASE 2205: Application of Tamanaco Oil Corporation for an unorthodox well location. Applicant, in the above-styled cause, seeks approval of an unorthodox well location for its El Poso Ranch N-11 Well at a point 175 feet from the South line and 1700 feet from the West line of Section 11, Township 28 North, Range 1 East, Rio Arriba County, New Mexico.
- CASE 2206: Application of The Ohio Oil Company for permission to transfer allowables. Applicant, in the above-styled cause, seeks permission to shut-in certain wells in the Lea Unit, both in the Devonian and Bone Springs formations, and transfer the allowable for such wells, for a limited period of time, to other wells within said Lea Unit, Township 20 South, Ranges 34 and 35 East, Lea County, New Mexico.
- CASE 2207: Application of Honolulu Oil Corporation for a pressure maintenance project. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project in the Chisum Oil Pool, Chaves County, New Mexico, by the injection of water into certain wells underlying its State B Lease, N/2 SE/4 of Section 13, Township 11 South, Range 27 East. Applicant further seeks the promulgation of special rules and regulations governing said project.

CASE 2208:

Application of Great Western Drilling Company for a water injection-oil producing dual completion and for an exception to Rule 107 (d). Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Federal MM Well No. 1, located in the NW/4 NE/4 of Section 8, Township 9 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the injection of water into an interval from 4300 feet to 9400 feet and the production of oil from an undesignated Pennsylvanian pool. Applicant further seeks an exception to Rule 107 (d) to permit the setting of tubing in said well more than 250 feet above the top of the pay section.

CASE 2209:

Application of The Atlantic Refining Company for permission to commingle the production from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Denton-Wolfcamp and Denton-Devonian Pools from all wells presently completed or hereafter drilled on the State "T" Lease, comprising the SE/4 NW/4, E/2 SW/4 and SW/4 SW/4 of Section 2, Township 15 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

The following cases will not be heard before 1:00 P.M.

CASE 2210:

Application of Humble Oil & Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the commingled production from the Eumont, Arrowhead and Langlie-Mattix Pools from all wells presently completed or hereafter drilled on the State "M" Lease, comprising portions of Sections 17, 18, 19, 20, 29 and 30, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2211:

Application of Union Oil Company of California for an unorthodox water injection well location. Applicant, in the above-styled cause, seeks permission to locate a water injection well in the South Caprock Queen Unit, Caprock-Queen Pool, at an unorthodox location 1325 feet from the North line and 330 feet from the East line of Section 18, Township 15 South, Range 31 East, Chaves County, New Mexico.

CASE 2212: Application of Union Oil Company of California for permission to commingle the production from two separate leases from two separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the Anderson Ranch-Devonian and Anderson Ranch-Wolfcamp Pool production from all wells presently completed or hereafter drilled on the following-described leases: North Anderson Ranch Unit, E/2 NE/4 and NE/4 SE/4 of Section 32 and NW/4 and N/2 SW/4 of Section 33; State "A" Lease, comprising 360 acres in Sections 28 and 33, all in Township 15 South, Range 32 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2213: Application of E. G. Rodman for a 160-acre non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the W/2 NW/4, NE/4 NW/4 and NW/4 NE/4 of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2214: Application of Sinclair Oil & Gas Company for approval of a unit agreement. Applicant, in the above-styled cause, seeks approval of the Keel Deep Unit Agreement, which unit embraces 6,155.5 acres of Federal and State lands in Township 17 South, Range 31 East, Eddy County, New Mexico.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 3/6/41

CASE NO. 2203

HEARING DATE 9am 3/3/41
DSN @ SF

My recommendations for an order in the above numbered case(s) are
as follows:

Enter an order authorizing Pan Am
to commingle Drinkard Pool + Paddock
Pool production on its L.E. Grizzell
"B" lease, $5/2$ NE $1/4$ Sec 8 T 22 S R 37 E
Lea Co.

Both pools on this lease are marginal.

Provide that Pan Am shall notify
SF of the Comm. in the event
either or both of these pools becomes
capable of top allow. at which
time this case should be reopened

Sam Miller
Staff Member
Examiner

pgw
3/7
3/8
esr
DRAFT

RSM/esr
March 7

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

John
CASE No. 2203

Order No. R- *1905*

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM TWO SEPARATE POOLS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 3, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission," in accordance
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of March, 1961, the Commission,
a quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner,
Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Pan American Petroleum Corporation,
seeks permission to commingle, without separate measurement, the
oil production from the Drinkard and Paddock Pools from all wells
presently completed on the L. E. Grizzell "B" Lease, comprising
the S/2 NE/4 of Section 8, Township 22 South, Range 37 East, NMPM,
Lea County, New Mexico.

(3) That inasmuch as ^{*all*} ~~no~~ well on the subject lease ^{*producing from the subject pools*} ~~is capable~~
are low marginal wells, ~~of making top unit allowable from either pool,~~ separate measure-
ment of the production from each pool should not be required.

(4) That approval of the subject application will neither
cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant, Pan American Petroleum Corporation, is hereby authorized to commingle, without separate measurement, the oil production from the Drinkard and Paddock Pools from all wells presently completed on the L. E. Grizzell "B" Lease, comprising the S/2 NE/4 of Section 8, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, That should any well on the subject lease become capable of producing a top unit allowable from either pool, the applicant shall ~~separately measure the production from each pool and~~ notify the Commission's Santa Fe Office of such ~~action.~~ *fact and the case shall be reported.*

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said L. E. Grizzell "B" Lease at least once each month to determine the individual production from each well.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



P. O. BOX 971
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

March 9, 1961

Mr. Kirk Newman
Atwood & Malone
Box 887
Durvell, New Mexico

Re: Case No. 2302 and 2303
Order No. B-1904 and 1905
Applicant:
Pan American Petroleum Corp.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

lr/

Carbon copy of order also sent to:

Hobbs OCC ☒
Artesia OCC ☐
Aztec OCC ☐

OTHER Mr. Guy Duell - Fort Worth, Texas

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2203
Order No. R-1905

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR PERMISSION TO COMMINGLE
THE PRODUCTION FROM TWO SEPARATE POOLS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 3, 1961, at Santa Fe, New Mexico, before Daniel S. Bitter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 9th day of March, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Bitter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Pan American Petroleum Corporation, seeks permission to commingle, without separate measurement, the oil production from the Drinkard and Paddock Pools from all wells presently completed on the L. E. Grizzelli "B" Lease, comprising the S/2 NW/4 of Section 8, Township 22 South, Range 37 East, NMM, Lea County, New Mexico.
- (3) That inasmuch as all wells on the subject lease producing from the subject pools are low marginal wells, separate measurement of the production from each pool should not be required.
- (4) That approval of the subject application will neither cause waste nor impair correlative rights.

-2-

CASE No. 2203
Order No. R-1905

IT IS THEREFORE ORDERED:

That the applicant, an American Petroleum Corporation, is hereby authorized to commingle, without separate measurement, the oil production from the Drinkard and Paddock Pools from all wells presently completed on the L. E. Grizzell "B" Lease, comprising the S/2 NE/4 of Section 8, Township 22 South, Range 37 East, NMPN, Lea County, New Mexico.

PROVIDED HOWEVER, that should any well on the subject lease become capable of producing a top unit allowable from either pool, the applicant shall notify the Commission's Santa Fe Office of such fact and the case shall be reopened.

PROVIDED FURTHER, That the applicant shall install adequate facilities to permit the testing of all wells on the said L. E. Grizzell "B" Lease at least once each month to determine the individual production from each well.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



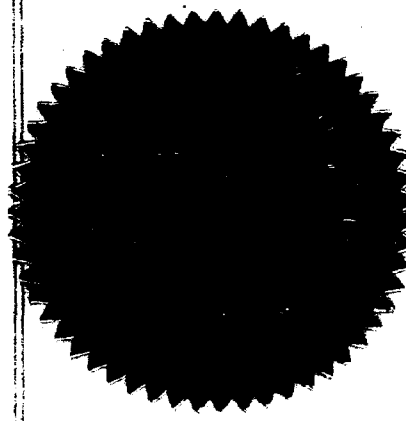
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



A. L. PORTER, JR., Member & Secretary



ess/

PAN AMERICAN PETROLEUM CORPORATION

Post Office Box 68
Hobbs, New Mexico

February 7, 1969

File: VES-54-400

Subject: Commingling of Production
GRIZZELL "B" Lease
Drinkard and Paddock Oil
Production Into
GRIZZELL "B" Com Bat

File Case
3/203

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Order No. R-1905 dated March 9, 1961, provides for the commingling of DRINKARD and PADDOCK Oil production on our GRIZZELL "B" Lease in the S/2 NE/4 of Section 8, T-22-S, R-37-E, Lea County, New Mexico.

On January 1, 1969, production from the DRINKARD Oil pool ceased and there is no longer a need for the commingling order.

Please cancel Order R-1905 and/or advise of your action.

Yours very truly,

[Signature]
V. E. Staley

RRY/jt

cc: Mr. N. S. Whitmore
Mr. J. E. Leascher
Mr. O. B. Puryear
Mr. D. R. Ryan

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1961

IN THE MATTER OF:

Application of Pan American Petroleum Corporation for
permission to commingle the production from two sepa- Case
rate pools. Applicant, in the above-styled cause, seeks 2203
permission to commingle the oil production from the
Drinkard and Paddock Pools from all wells presently
completed on the L. E. Grizzel "B" Lease, comprising
the S/2 NE/4 of Section 8, Township 22 South, Range 37
East, Lea County, New Mexico, without separately meter-
ing the production from each pool.

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Case 2203.

MR. MORRIS: Application of Pan American Petroleum Corpora-
tion for permission to commingle the production from two separate
pools.

MR. NEWMAN: Kirk Newman, Atwood & Malone, in Roswell,
New Mexico, appearing for the applicant.

MR. PAYNE: Let the record show the witness has previously
been sworn.

WILLIAM JAMES SANDIDGE, JR.

called as a witness, having been previously duly sworn, testified
as follows:



DIRECT EXAMINATION

BY MR. NEWMAN:

Q Will you state your name, please?

A William James Sandidge, Jr.

Q The same Mr. Sandidge that testified in the next preceding case?

A Yes, sir.

Q Would you state briefly the purpose of the application in this case?

A This application is similar to the other application. Pan American is requesting permission to commingle, without prior metering, oil produced from the Drinkard and Paddock reservoirs under the L. E. Grizzel "B" lease, located in the S/2 of the NE/4 of Section 8, Township 22 South, Range 37 East.

Q We have passed out booklets with attachments. Would you refer to the plat, the first attachment, and explain to the Commission what that shows?

A The plat shows the L. E. Grizzel "B" Lease outlined in red. There are two wells on the lease, a Drinkard well, which is Well No. 1, indicated by a green symbol, and a Paddock well, Well No. 2, indicated by a red symbol.

Q What is the production rate on these wells?

A The Drinkard well, Well No. 1, averaged four barrels of oil per day during December, 1960. The Paddock well, Well No. 2, indicated in red, averaged 15 barrels of oil per day in December.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



Q Is there any possibility in your opinion that these wells will ever be top allowable wells?

A In my opinion there is not. They are in the same reservoir as the wells we previously discussed, and located in the same general vicinity.

Q Do you anticipate any future development operations on this lease?

A I anticipate none in these two reservoirs. It is possible other reservoirs in this area will be productive.

Q Will you refer now to the second attachment and state what that shows?

A The second attachment is a schematic diagram showing how the two wells will be connected to a test manifold, and how either well may be diverted from this test manifold through either the test separator or the treating facilities.

Q So that production from both wells can be continuous while either well is being tested?

A Production from either well can be continued while the other well is tested.

Q Have you approval of the pipeline purchasers for them to purchase this commingled production?

A Here, again, this oil is purchased by Shell Pipeline Company, and they have verbally consented to the commingling.

Q Is the ownership of working interests and royalty interests, overriding royalty interests, and so on, the same on both these



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Wells?

A According to Pan American's records there is no diversity of ownership in the Paddock and Drinkard reservoirs under this lease.

Q What will be the result in price differential, increase or decrease by the commingling of this production?

A Based on data published in December, 1960, I have calculated a price differential of 33¢ per day less. Here, again, our field personnel differ with me somewhat. They estimate it will be the same.

Q Will the granting of this application prevent waste?

A It will, in that the economic life of this marginal lease will be extended allowing us to produce more oil.

Q Will correlative rights in any way be adversely affected?

A They will not.

Q Was this exhibit and the attachments prepared by you?

A They were.

MR. NEWMAN: We would like to offer the exhibit with attachments.

MR. NUTTER: Pan American's Exhibit No. 1 in Case 2203 will be admitted.

MR. NEWMAN: That is all.

MR. NUTTER: Any questions of Mr. Sandidge?

BY MR. PAYNE:

Q What is the price paid for the Drinkard oil?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A The Drinkard oil price is \$2.86 per barrel.

Q How about the Paddock?

A Paddock oil in this case is \$2.92 per barrel.

Q So the loss will be greater as the Paddock declines, if it declines more rapidly than the Drinkard?

A Yes, sir. Actually, the Paddock is a far better reservoir, in our opinion, in this vicinity than the Drinkard, so we would anticipate the Drinkard would taper off. It is pretty sad right now, as you can see, four barrels per day. I don't know what the economic life is. It is approaching the end of its economic life there, one or two barrels.

Q Are these production figures based on December, 1960?

A Yes, sir.

Q Were the wells producing all that month?

A As far as I know both wells produced every day that month.

Q Is that a fee lease?

A That's correct, yes, sir.

Q In the event additional wells are completed on this lease in either reservoir, or these wells are reworked and become capable of making top unit allowable, will Pan American be then willing to separately meter each pool?

A If the Commission so directs.

MR. NUTTER: And you will notify the Santa Fe Office of the Commission?

A Yes, sir.



DEARNLEY-MEIER REPORTING SERVICE, Inc.
ALBUQUERQUE, NEW MEXICO
PHONE CH 3-6691

MR. NUTTER: Any further questions of Mr. Sandidge? He may be excused. Do you have anything further, Mr. Newman?


MR. NEWMAN: That is all.

MR. NUTTER: Does anyone have anything they wish to offer? The Commission will take the case under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, JUNE PAIGE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 9th day of March, 1961.


Notary Public & Court Reporter

My Commission expires:
May 11, 1964.



I N D E X

<u>WITNESS</u>	<u>PAGE</u>
WILLIAM JAMES SANDIDGE, JR.	2
Direct Examination	4
QUESTIONS by Mr. Payne	

E X H I B I T S

<u>NUMBER</u>	<u>EXHIBIT</u>	<u>IDENTIFIED</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Ex.#1	Booklet	2	4	4

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Ex parte hearing of Case No. 2203,
heard by me on 3/3, 1961.

[Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

